

# Office of Research and Demonstrations

# RESEARCH BRIEFS

Number 3  
Sept., 1995

## Medicare Payments from Diagnosis to Death for Elderly Cancer Patients by Stage at Diagnosis

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**Journal:** *Medical Care*, 33:828-841, August 1995.

**Background:** Although extensive resources go to cancer care, national population-based data on the costs of such care at the patient level have been unavailable. Data on Medicare payments subsequent to diagnosis of cancer are useful for identifying the cost implications of differences in treatment patterns by demographic characteristics, geography, and delivery systems; comparing the financial impact of alternative therapies; evaluating the long-term cost impacts of screening and prevention programs; and risk-adjusting payments to health plans.

**Methodology:** Medicare payments after diagnosis of cancer for elderly enrollees with five common cancers were estimated using tumor registry data from the Surveillance, Epidemiology, and End Results Program linked to Medicare claims from 1984 to 1990. The time between diagnosis and death was divided into four phases corre-

sponding to the clinical course of solid tumors. Average payments for each phase were estimated (including payments for services not related to cancer) and then phase-specific payment data were aggregated.

**Major findings:** Average payments by phase varied among cancer sites, especially in the initial care phase, where payments were highest for lung and colorectal cancers (\$17,500 in 1990 dollars) and lowest for female breast cancer (\$8,913). Total Medicare payments from diagnosis to death were highest for persons with bladder cancer (\$57,629) and lowest for those with lung cancer (\$29,184). Low payments for persons with lung cancer corresponded to brief survival times. Persons diagnosed at earlier stages incurred higher total payments between diagnosis and death than those diagnosed at later stages, reflecting their longer survival. This implies that early detection may increase total Medicare expenditures by extending beneficiaries' lives. However, Medicare payments per year of survival were lower for patients diagnosed at earlier stages.



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